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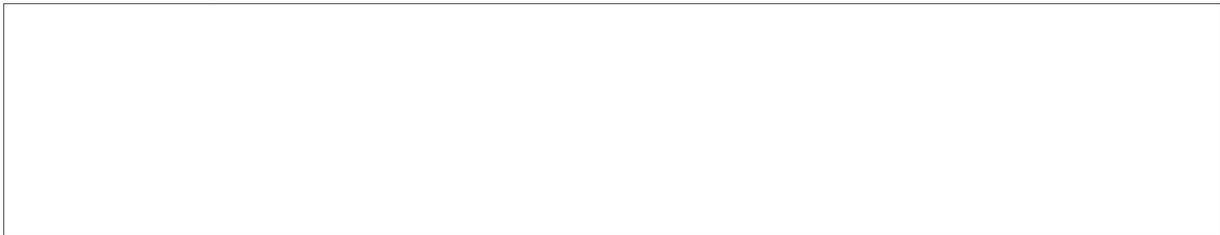
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GENERAL

1. Finland may accept Soviet proposal to construct oil refinery:

[REDACTED] In response to an invitation from the Soviet government, Finland will send a technical mission to Moscow about 10 January to consider a Soviet proposal to construct an oil refinery. The Finnish Diet on 17 December authorized the state-owned petroleum company to proceed with plans for a major refinery.

The chairman of the board of the Finnish state-owned petroleum company, who will head the delegation to Moscow, would prefer technical aid and basic refinery equipment from the West, relying on the USSR only for standard accessory equipment. He feels, however, that if the Soviet proposals are highly advantageous, it may be hard to keep the door open for Western participation.

Comment: The Diet's decision affords the USSR an opportunity, similar to that it has capitalized on in Afghanistan, to extend its economic influence in Finland by making an attractive offer of technical aid to an important state-controlled project. The vote of the Finnish Diet had no connection with the recent cabinet crisis and will not be affected by it.

The Soviet bloc already supplies more than 90 percent of Finland's requirements for petroleum products, and the USSR has indicated its willingness to furnish the entire crude oil needs of the planned refinery. The USSR is one of Finland's most important trading partners, and Soviet-Finnish trade is scheduled to increase steadily through 1960 under the five-year agreement signed in July of this year. [REDACTED] -Concurred in by ORR)

FAR EAST

2. Comment on Peiping's release of major political prisoner:

[REDACTED] The reported release from Communist China of a major political prisoner may be important as establishing a precedent

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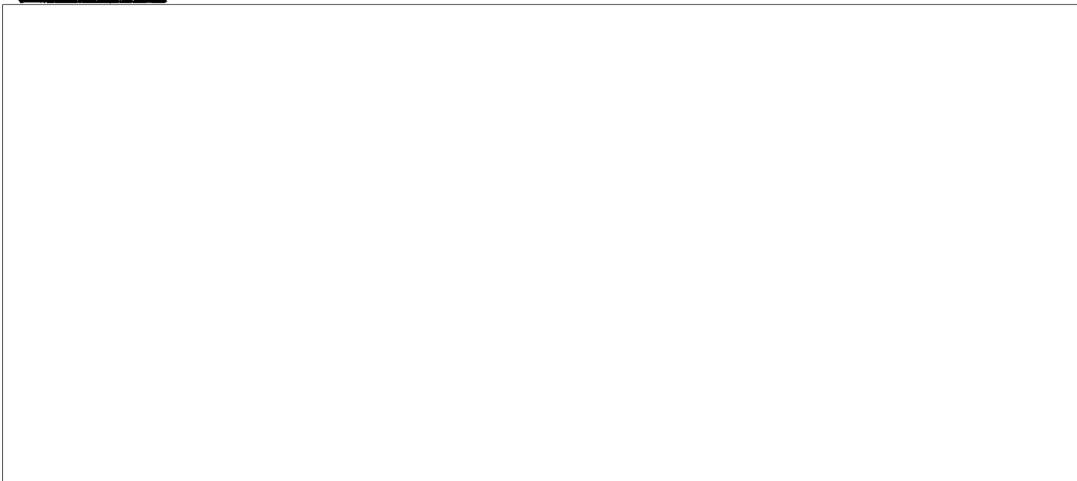
for the eventual release of American airmen recently sentenced to imprisonment as "spies."

An elderly Roman Catholic missionary, sentenced in 1951 to life imprisonment on charges of conspiring with an American officer to assassinate Mao Tse-tung, was reportedly released and expelled from Communist China on 26 December. Peiping had previously deported a number of foreigners after having asserted its jurisdiction by sentencing them, but none of those known to have been released had been sentenced on charges as serious as those against this missionary.

Peiping's propaganda on the airmen's case has continued to suggest that the door is open for a negotiated settlement. This propaganda has also suggested, however, that Peiping's asking price will be high, and that the prospects are poor for the airmen's early release. [REDACTED]

SOUTHEAST ASIA

3. Laotian government regards conversations with Pathet Lao as necessity:



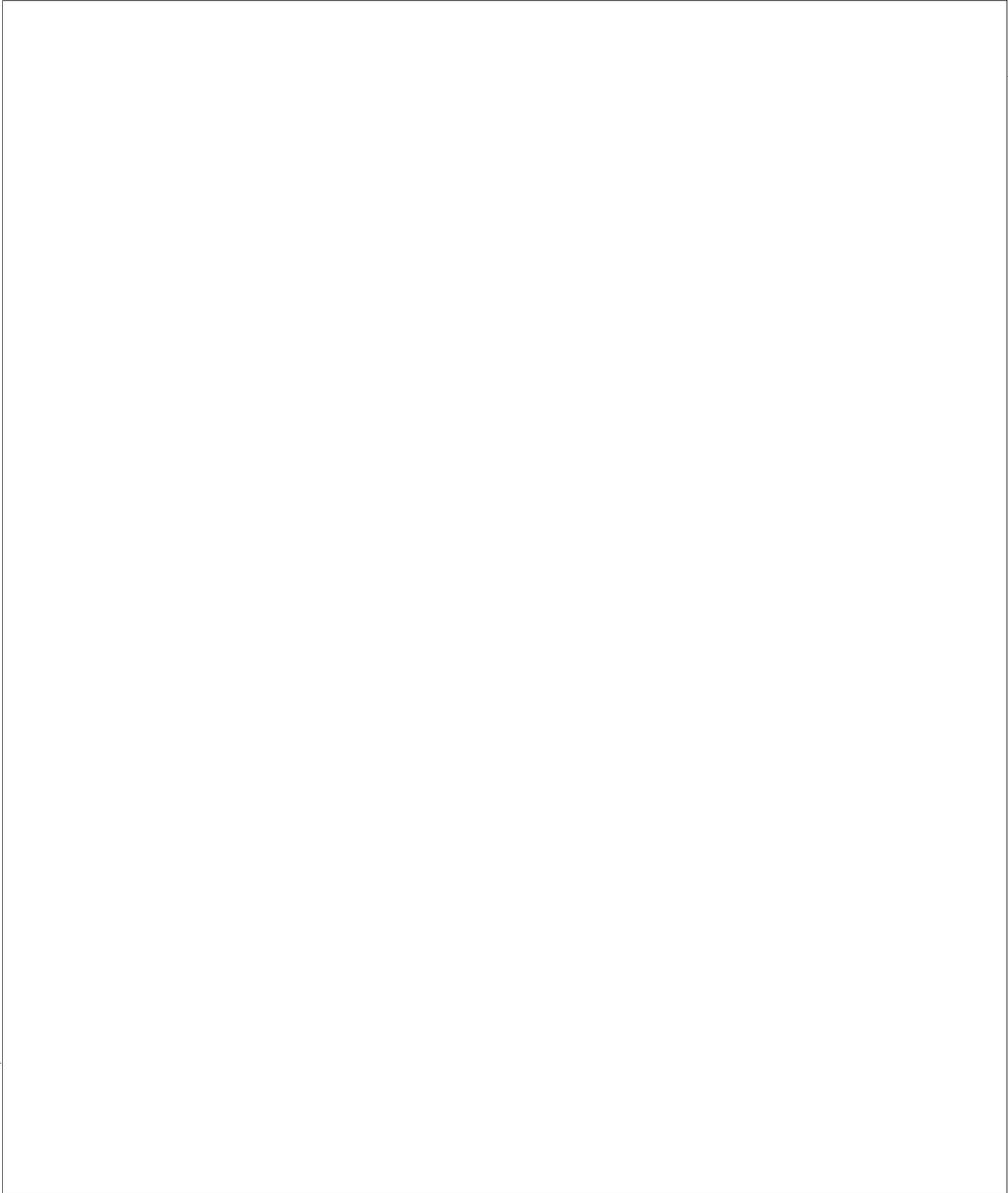
The Laotian government feels bound by the cease-fire agreement to enter into discussions with the Pathet Lao, but is attempting to ensure implementation of the agreement in a manner which will keep Viet Minh influence at a minimum.

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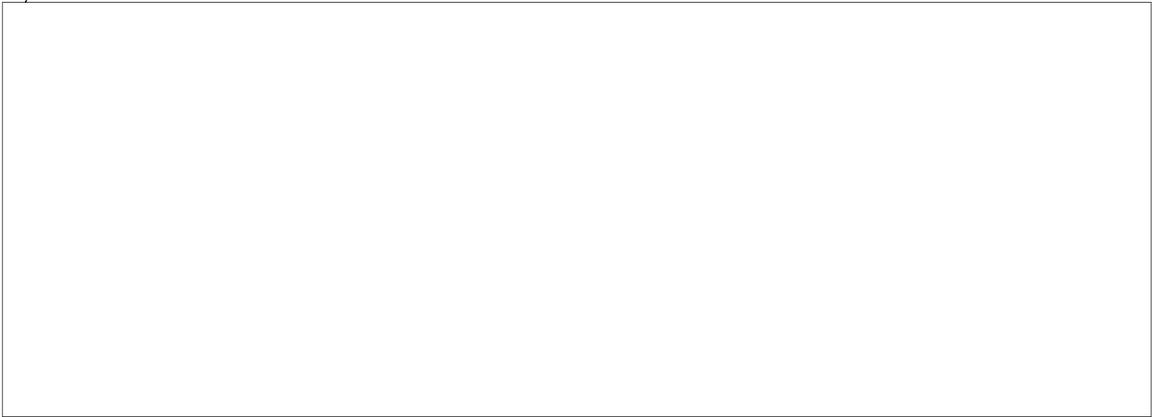
It has recently obtained the support of the International Control Commission for its demand that Viet Minh truce officials be withdrawn from Laos.

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NEAR EAST - AFRICA

5. Libya and France to resume negotiations on Fezzan:



The Libyan government has accepted a French proposal that negotiations on the Fezzan issue be resumed in Paris, according to the French Foreign Ministry. France is prepared to recognize Libya's right to demand departure of French forces in the area if Libya will provide guarantees adequate to meet French security requirements.

The Libyan government has suggested that the talks begin in late December. The French prefer early January.

Comment: The hostility in both the Libyan and French parliaments to concessions on the Fezzan issue will restrict both governments in their negotiations.

LATIN AMERICA

6. Imminent attempt to oust Guatemalan government rumored:



Elements of the Guatemalan army are planning an attempt to oust the Castillo Armas government, possibly during the week of 26 December, 

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Comment: No army plot is believed to exist at present, and it is unlikely that the army will move against the government as long as Castillo enjoys his present wide popular support.

This report and others like it, however, are indicative of the growing unrest and lack of confidence in the government, and this unrest could assume threatening proportions within the next three to six months. Colonel Monzon, who shared power with Castillo until last September but has since assumed an inactive role, would then be a logical leader in any army move against the present regime.